CANADA INCREASES INVESTMENT OPPORTUNITIES FOR WTO MEMBER COUNTRIES

Under Canada's investment rules on the acquisition of Canadian companies, only transactions above a certain value are subject to review by the federal government. And up to now, the thresholds have been higher for NAFTA – member countries than for others.

Now, as a result of changes flowing from the Uruguay Round of GATT and the establishment of the new World Trade Organization (WTO), the higher levels will apply to a much wider range of countries.

For investors in member nations of the WTO, the ceiling at which foreign acquisitions of Canadian companies become subject to review, will be the same as those that apply to investors in NAFTA countries.

Previous thresholds for non-NAFTA countries were $5 million (in terms of value of Canadian assets) for direct acquisitions and $50 million for indirect acquisitions.* Under the new rules, when both the investor and the vendor are controlled in a WTO country, the ceiling for direct investment moves up to $160 million (the level will vary from year to year to reflect inflation and other factors). Indirect acquisitions are no longer subject to review.

The exceptions to the new rules are financial services, transportation, uranium and cultural industries (a category that includes publication and distribution of books, magazines, videos and music recordings). These sectors remain subject to the old thresholds.

As in the past, certain types of investments and acquisitions will not be subject to review. They include purchases of Canadian bonds, stocks or other instruments that do not involve the acquisition of control; or the acquisition of assets that do not constitute a business. Investments in related businesses – such as plant expansions or the opening of new mines by a mining company – are not subject to review.◆

**An indirect acquisition is the acquisition of control of a Canadian business through acquisition of its parent outside Canada.*

New *"Open Skies Agreement"* Improves Canada - US Air Links

Canada-based businesses serving the U.S. market will benefit from a dramatic expansion of air links with the United States under the terms of a cross-border aviation agreement signed in Ottawa last February by Prime Minister Chrétien and President Clinton.

Under the "Open Skies" agreement, Canadian carriers will have unlimited rights to fly from anywhere in Canada to any point in the U.S. U.S. airlines will enjoy similar rights to destinations other than Toronto, Montreal and Vancouver. Equal access for U.S. carriers to these cities will be phased in over three years. The arrangement will mean better connections and more competitive pricing for both passengers and cargo.

Complementing the accord is a planned expansion of pre-clearing facilities to allow travellers to the U.S. to clear customs before leaving Canada.

Canada-U.S. air passenger traffic is already the heaviest between any two nations, at 13 million passengers per year.◆

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He adds that Moli is "pleased to hold the unique position of being the first in North America to produce lithium-ion batteries. This gives us a strong competitive edge over other manufacturers of rechargeable energy systems on this continent."

So strong are market prospects, in fact, that Moli Energy plans to build a second manufacturing plant to accommodate the new production lines needed to meet anticipated rising demand.◆